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REUHTRO/AMEMBASSY TRIPOLI  
RUEATRS/DEPT OF TREASURY WASHINGTON DC  
RUEKJCS/JOINT STAFF WASHINGTON DC  
RHEBAAA/DEPT OF ENERGY WASHINGTON DC  
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C O N F I D E N T I A L SECTION 01 OF 02 SOFIA 001662

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FOR THE SECRETARY FROM AMBASSADOR BEYRL

E.O. 12958: DECL: 12/13/2016

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AF, RS, BU

SUBJECT: YOUR MEETING WITH BULGARIAN FOREIGN MINISTER  
IVAILO KALFIN ON DECEMBER 19

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CLASSIFIED BY: AMBASSADOR JOHN BEYRL, REASONS 1.4(B) AND (D).

1. (C) SUMMARY: FM KALFIN'S VISIT TO WASHINGTON, A SHORT TWO WEEKS BEFORE BULGARIA CELEBRATES ITS FORMAL ACCESSION TO THE EU ON JANUARY 1, TOPS OFF AN EXTRAORDINARILY PRODUCTIVE YEAR IN THE U.S.-BULGARIAN RELATIONSHIP. KALFIN AND PRIME MINISTER STANISHEV ARE LEADING BULGARIAN PUBLIC OPINION IN THE RIGHT DIRECTION ON IRAQ, AFGHANISTAN, OUR JOINT BASING AGREEMENT, AND KOSOVO'S FINAL STATUS. KALFIN ACCOMPANIED THE PRIME MINISTER TO MEETINGS WITH PM MALIKI AND PRESIDENT TALABANI IN BAGHDAD ON DECEMBER 12: THE BULGARIANS ARE READY TO EXTEND THEIR TROOP DEPLOYMENT AT CAMP ASHRAF IN 2007, BUT A POLICY-LEVEL REQUEST FROM THE U.S. WILL HELP THE GOVERNMENT SELL THE EXTENSION IN PARLIAMENT. ON AFGHANISTAN, THE GOVERNMENT HAS ALREADY STATED ITS READINESS TO INCREASE THE NUMBER OF TROOPS IN ISAF, BUT CAVEATS ARE STILL A PROBLEM. U.S. TRADE AND INVESTMENT IS APPROACHING THE HIGHER LEVELS YOU SET AS A GOAL DURING YOUR APRIL VISIT TO SOFIA: TO HIGHLIGHT THIS PUBLICLY, AND YOU AND KALFIN WILL ANNOUNCE CONCLUSION OF A LONG-SOUGHT DOUBLE TAXATION TREATY, AND SIGN THE FINAL INSTRUMENTS OF THE UPDATED BILATERAL INVESTMENT TREATY. SOFIAS RELATIONS WITH MOSCOW LOOK A BIT LESS ROSY; KALFIN WILL DESCRIBE A SCRATCHY ENCOUNTER WITH LAVROV IN MOSCOW LAST WEEK, AS BULGARIA CONTINUES HIGH-STAKES TALKS WITH GAZPROM OVER A LONG-TERM SUPPLY CONTRACT. PERHAPS THE BIGGEST CHALLENGE OF KALFIN'S VISIT IS KEEPING THE FOCUS ON THE GOOD NEWS IN U.S.-BULGARIAN RELATIONS, WHICH RISKS BEING OVERSHADOWED BY THE EXPECTED DECISION OF A TRIPOLI COURT DECEMBER 19 TO RE-SENTENCE THE BULGARIAN NURSES IN LIBYA TO DEATH. END SUMMARY.

2. (C) WE SEE FOUR MAIN POLICY OBJECTIVES FOR YOUR MEETING WITH KALFIN AND SUBSEQUENT PRESS APPEARANCE:

-- REAFFIRM BULGARIA AS A VALUED ALLY IN IRAQ, AFGHANISTAN AND THE WESTERN BALKANS, SYMBOLIZED BY BULGARIAN AND AMERICAN SOLDIERS OPERATING SIDE-BY-SIDE IN ALL THREE PLACES;

-- CONFIRM BULGARIAN COMMITMENT TO EXTEND ITS TROOP PRESENCE IN IRAQ BEYOND MARCH 2007, AND TO AUGMENT ITS FORCES IN AFGHANISTAN WHILE REDUCING CAVEATS AND THINKING PRT;

-- HIGHLIGHT THE SURGE IN U.S. TRADE AND INVESTMENT, AND AGREEMENT ON THE TAX AND INVESTMENT TREATIES, AS A NATURAL CONSEQUENCE OF BULGARIA'S POLITICAL STABILITY AND CLOSE POLITICAL AND SECURITY COOPERATION WITH US;

-- REASSURE KALFIN THAT RELEASE OF THE BULGARIAN NURSES REMAINS A TOP PRIORITY OF U.S. POLICY TOWARD LIBYA.

13. (C) KALFIN SHARES OUR DESIRE TO KEEP THE PUBLIC FOCUS ON OUR CLOSE PARTNERSHIP IN THE WAR AGAINST TERRORISM AND THE BURGEONING ECONOMIC RELATIONSHIP. HE KNOWS THAT THE SENTENCING OF THE NURSES IN TRIPOLI IS AN UNAVOIDABLE STEP BEFORE THE LIBYAN GOVERNMENT CAN ENGINEER THEIR RELEASE, BUT HE WILL BE HARD-PRESSED TO AVOID USING STRONG LANGUAGE FOR DOMESTIC CONSUMPTION. WE WILL WORK WITH THE BULGARIANS (AND THE BRITS AND THE EU) TO COORDINATE PUBLIC STATEMENTS AIMED AT HASTENING THE RELEASE OF THE NURSES. OUR CHALLENGE IS TO KEEP THE BULGARIANS ON-MESSAGE: THIS REMAINS A HIGHLY EMOTIONAL ISSUE FOR THEM.

14. (C) ACHIEVING THE FOUR OBJECTIVES OUTLINED ABOVE WILL ENSURE THAT THE BULGARIANS (AND WE) CAN PORTRAY THE VISIT AS A SUCCESS. THERE ARE A FEW OTHER ISSUES, THOUGH, THAT WILL MAKE FOR INTERESTING DISCUSSION WITH KALFIN:

-- ENERGY / RELATIONS WITH MOSCOW: DEPENDENCE ON RUSSIA, ALREADY OVERWHELMING, IS GROWING: BULGARIA IMPORTS MORE THAN 85 PERCENT OF ITS OIL AND GAS FROM RUSSIA, AND IS 100 PERCENT DEPENDENT ON MOSCOW FOR NUCLEAR FUEL. BULGARIA RECENTLY SIGNED A FOUR BILLION EURO CONTRACT WITH RUSSIA TO BUILD A NEW NUCLEAR POWER PLANT ON THE DANUBE, A DEAL THE BULGARIANS HOPED WOULD SWEETEN THE TERMS OF THE LONG-TERM GAS SUPPLY CONTRACT THEY ARE CURRENTLY NEGOTIATING WITH GAZPROM. THESE ARRANGEMENTS, FROM WHICH SOME IN THE GOVERNMENT (BUT NOT KALFIN) STAND TO BENEFIT ENORMOUSLY, SEEM TO BE EARNING BULGARIA LITTLE POLITICAL GOOD WILL IN MOSCOW. KALFIN TOLD

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US HIS DECEMBER 8 MEETINGS WITH LAVROV AND OTHERS WERE TESTY, MARKED BY RUSSIAN ARM-TWISTING OVER BULGARIA'S EU ACCESSION, AND EFFORTS TO GAIN A VETO OVER BULGARIAN ARMS EXPORTS TO GEORGIA. KALFIN HAD ARRIVED HOPING TO SCHEDULE A MOSCOW VISIT BY PM STANISHEV THIS SPRING, BUT THAT IS NOW BACK ON THE SHELF.

-- SERBIA/KOSOVO: KALFIN HAS BEEN A STRONG SUPPORTER OF OUR APPROACH ON KOSOVO, BUT THE BULGARIANS NEED TO REDOUBLE THEIR OUTREACH TO SERBIA IN THE RUN-UP TO THE FINAL STATUS DECISION. AS A MODEL FOR EURO-ATLANTIC INTEGRATION DRIVEN BY HARD POLICY CHOICES, BULGARIA IS A CLEAR SUCCESS STORY TO EMULATE. AND AS A COUNTRY WITH CULTURAL/LINGUISTIC LINKS TO THE SERBS, BULGARIA HAS UNUSUAL ACCESS TO SERBIAN CIVIL SOCIETY THOUGH ITS MANY NGOS.

-- PROPERTY RESTITUTION: BULGARIA HAS RESTITUTED NEARLY ALL OF THE PROPERTY OWNED BY ITS PRE-WAR JEWISH COMMUNITY, BUT KALFIN NEEDS TO HEAR THAT THE HANDFUL OF REMAINING CASES NEED TO BE RESOLVED PROMPTLY. IN THE MOST EGREGIOUS EXAMPLE, THE BULGARIAN MINISTRY OF HEALTH IS VIOLATING A SERIES OF COURT DECISIONS IN THE JEWISH COMMUNITY'S FAVOR BY NOT RETURNING A HOSPITAL PROPERTY IN SOFIA.

-- CRIME AND CORRUPTION: KALFIN SHOULD ALSO HEAR (PERHAPS IN THE CONTEXT OF CONGRATULATIONS ON BULGARIA'S EU MEMBERSHIP) THAT MUCH REMAINS TO BE DONE IN THE FIGHT AGAINST CORRUPTION AND ORGANIZED CRIME. OUR MESSAGE IS SIMPLE: LOCK UP ORGANIZED CRIME BOSSES AND ROOT OUT CORRUPTION FROM THE POLITICAL AND JUDICIAL SYSTEMS. TO SUCCEED, THE GOVERNMENT WILL HAVE TO TAKE ON POWERFUL SPECIAL INTERESTS, MANY WITH A RUSSIAN CONNECTION; WITHOUT PROGRESS, BULGARIA WILL STAY ON THE MARGINS OF THE TRANS-ATLANTIC TRADE AND INVESTMENT RELATIONSHIP.

15. FINALLY, HIGH-LEVEL VISITS: KALFIN WILL LOBBY FOR A PM STANISHEV VISIT TO WASHINGTON AND OVAL OFFICE MEETING IN 2007. WE NEED TO TRY TO MAKE THIS HAPPEN: STANISHEV AND

KALFIN REPRESENT THE WESTWARD-LOOKING, UNCORRUPTED GENERATION OF BULGARIAN POLITICIANS WHO WE WANT TO CONTINUE RUNNING THIS COUNTRY FOR AS LONG AS POSSIBLE. WE SHOULDN'T MISS ANY CHANCE TO GIVE THEM A BOOST --ESPECIALLY WITH MOSCOW'S BULLYING TACTICS STARTING TO ANNOY THE GOVERNMENT. KALFIN WILL ALSO RENEW PRESIDENT PARVANOVS INVITATION FOR PRESIDENT BUSH TO VISIT SOFIA. THE TIMING FOR THIS IS ALSO RIGHT, AS BULGARIA RE-UPS IN BOTH IRAQ AND AFGHANISTAN.  
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